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Securities Code: 9948

May 6, 2022

To our shareholders:

Kiyoshi Yokoyama,
Representative Director and President
ARCS COMPANY, LIMITED
11-2-32 Minami 13-jo Nishi, Chuo-ku, Sapporo

Notice of the 61st Annual General Meeting of Shareholders

It is my pleasure to inform you that the 61st Annual General Meeting of Shareholders of ARCS COMPANY, LIMITED (the “Company”) will be held as follows.

The Company considers the safety of all shareholders its priority. In order to prevent the spread of the novel coronavirus disease (COVID-19), you are strongly encouraged to refrain from attending the meeting in person, if at all possible, and exercise your voting rights beforehand in writing or via the internet, etc. Please review the attached Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 6:00 p.m. on Monday, May 23, 2022 (JST).

1. Date and Time: Tuesday, May 24, 2022, at 10:00 a.m. (JST) (Reception starts at 9:00 a.m.)

2. Venue: Park Hall, 3rd Floor, Sapporo Park Hotel
3-1-1 Minami 10-jo Nishi, Chuo-ku, Sapporo

3. Purpose of the Meeting

Matters to be reported

1. The Business Report, Consolidated Financial Statements and audit results of the Consolidated Financial Statements by the Financial Auditor and the Audit & Supervisory Board for the 61st fiscal year (from March 1, 2021 to February 28, 2022)
2. Non-consolidated Financial Statements for the 61st fiscal year (from March 1, 2021 to February 28, 2022)

Matters to be resolved

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Amendments to the Articles of Incorporation
Proposal No. 3: Election of Nine Directors
Proposal No. 4: Payment of Bonuses to Officers
Proposal No. 5: Payment of Retirement Benefits to Retiring Directors

4. Matters Concerning Internet Disclosure

Among the documents to be provided with this Notice of the General Meeting of Shareholders, the following are posted on the Company’s website (in Japanese only) in accordance with provisions of laws, regulations, and Article 17 of the Articles of Incorporation of the Company and are not included in the documents attached to this Notice. Therefore, only some of the documents audited by Audit & Supervisory Board Members or the Financial Auditor in preparing the audit reports have been provided with this Notice.

1. Systems to ensure appropriate business operations and the operational status of these systems
2. Basic policy on persons who control decisions on financial and business policies of the Company
3. Consolidated Statement of Changes in Equity
4. Notes to Consolidated Financial Statements
5. Non-consolidated Statement of Changes in Equity
6. Notes to Non-consolidated Financial Statements

- If attending the meeting in person, please submit the enclosed voting rights exercise form at the venue reception.
- If attending via proxy, the nominated proxy must be another shareholder of the Company with voting rights, in accordance with the Company's Articles of Incorporation. The nominated proxy should submit the proxy's own voting rights exercise form together with the nominating shareholder's voting rights exercise form and written proof of the right of proxy (authorization letter) at the venue reception.
- Any revisions to the Reference Documents for the General Meeting of Shareholders, the Business Report, Non-consolidated Financial Statements, or Consolidated Financial Statements will be posted on the Company's website.

The Company's website: <http://www.arcs-g.co.jp/>

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of Surplus

The Company regards the return of profits to shareholders as one of its most important management objectives. Its basic policy is to increase earnings per share and actively distribute profits, while enhancing its business foundation and strengthening its corporate condition.

Based on this policy, on consideration of the results for the fiscal year under review, etc., the Company proposes to pay a year-end dividend of surplus as follows:

Year-end dividend

- (1) Type of dividend property
Cash
- (2) Allotment of dividend property, and the total amount thereof
¥30 per common share of the Company
Total dividend: ¥1,689,625,380
- (3) Effective date of dividend of surplus
May 25, 2022

Proposal No. 2: Amendments to the Articles of Incorporation

1. Reasons for proposal

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

- (1) Article 17, paragraph 1 in “Proposed Amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.
- (2) Article 17, paragraph 2 in “Proposed Amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
- (3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 17 of the current Articles of Incorporation) will no longer be required, they will be deleted.
- (4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the amendments

Details of the amendments are as follows:

(The amended portions are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p><u>Article 17. (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.)</u></p> <p><u>When the Company convenes a general meeting of shareholders, if it discloses information that is to be stated or presented in the reference documents for the general meeting of shareholders, business report, financial statements and consolidated financial statements through the internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 17. (Measures, etc. for Providing Information in Electronic Format)</u></p> <p><u>1. When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u></p>
	<p><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Newly established)</p>	<p><u>(Supplementary Provisions)</u></p> <p><u>Article 1.</u></p> <ol style="list-style-type: none"> <li data-bbox="826 286 1445 506">1. <u>The deletion of Article 17 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc.) in the current Articles of Incorporation and the establishment of the new Article 17 (Measures, etc. for Providing Information in Electronic Format) in the amended Articles of Incorporation shall be effective from September 1, 2022.</u> <li data-bbox="826 517 1445 640">2. <u>Notwithstanding the provision of the preceding paragraph, Article 17 of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held by the end of February 2023.</u> <li data-bbox="826 651 1445 775">3. <u>These Supplementary Provisions shall be deleted on March 1, 2023 or on the day when three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u>

Proposal No. 3: Election of Nine Directors

The terms of office of all 12 Directors will expire at the conclusion of this General Meeting of Shareholders. In that regard, the Company will decrease the number of internal Directors by four and increase the number of outside Directors by one to ensure the transparency as management and further strengthen corporate governance, and it proposes the election of nine Directors.

The candidates for Director are as follows:

Candidate No.	Name	Position and responsibilities	Significant concurrent positions outside the Company	
1	Kiyoshi Yokoyama	Representative Director and President	Representative Director, Chairman and CEO of Ralse Co., Ltd. Representative Director and Chairman of Toko Store Co., Ltd. Representative Director and Chairman of Donan Ralse Co., Ltd. Representative Director and President of Eldy Co., Ltd. Representative Director and Chairman of Doto Arcs Co., Ltd. Representative Director and Chairman of Ito Chain Co., Ltd. Representative Director and Advisor of Beljois Co., Ltd. Representative Director and Advisor of Otani Co., Ltd. Director and Advisor of Universe Co., Ltd. Director and Advisor of Fukuhara Co., Ltd. Director and Advisor of Dohoku Arcs Co., Ltd. Representative Director and President of Hokkaido CGC Co., Ltd. Director and Vice Chairman of CGC JAPAN Co., Ltd. Director and Honorary Chairman of NISSENREN S-CORT Co., Ltd. Chairman of National Supermarket Association of Japan Vice Chairman of Japan Supermarkets Association	Reelection
2	Koichi Furukawa	Director and Executive Vice President In charge of Administration Division and Corporate Division, and in charge of Legal and Compliance Group	Director of Ralse Co., Ltd. Director of Donan Ralse Co., Ltd. Director of Eldy Co., Ltd.	Reelection
3	Koichi Miura	Director and Chairman	Director and Chairman of Universe Co., Ltd. Director of Miman Co., Ltd.	Reelection
4	Kazuhisa Nekomiya	Director and Executive Officer	Representative Director, President and COO of Ralse Co., Ltd.	Reelection
5	Takehiko Miura	Director and Executive Officer	Representative Director and President of Universe Co., Ltd. Representative Director and President of Universe Kosan Co., Ltd.	Reelection
6	Ikuharu Fukuhara	Director and Executive Officer	Representative Director and President of Fukuhara Co., Ltd.	Reelection

Candidate No.	Name	Position and responsibilities	Significant concurrent positions outside the Company	
7	Hiroshi Saeki	Director	Professor Emeritus of Hokkaido University	Reelection Outside Independent
8	Ryoko Sasaki	Director	Fellow at Nitobe College of Hokkaido University	Reelection Outside Independent
9	Toyoko Togashi	–	Representative Director and Chairman of Hokkaido Human Resources Bank, Co., Ltd.	New election Outside Independent

Reelection: Candidate for Director to be reelected

New election: Candidate for Director to be newly elected

Outside: Candidate for outside Director

Independent: Independent officer as defined by the securities exchange

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
1	<p>Kiyoshi Yokoyama (May 15, 1935)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings 26/26</p>	<p>Dec. 1961 Joined the Company</p> <p>Dec. 1964 Managing Director</p> <p>Apr. 1970 Representative Director and Senior Managing Officer</p> <p>Apr. 1985 Representative Director and President (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director, Chairman and CEO of Ralse Co., Ltd.</p> <p>Representative Director and Chairman of Toko Store Co., Ltd.</p> <p>Representative Director and Chairman of Donan Ralse Co., Ltd.</p> <p>Representative Director and President of Eldy Co., Ltd.</p> <p>Representative Director and Chairman of Doto Arcs Co., Ltd.</p> <p>Representative Director and Chairman of Ito Chain Co., Ltd.</p> <p>Representative Director and Advisor of Beljois Co., Ltd.</p> <p>Representative Director and Advisor of Otani Co., Ltd.</p> <p>Director and Advisor of Universe Co., Ltd.</p> <p>Director and Advisor of Fukuhara Co., Ltd.</p> <p>Director and Advisor of Dohoku Arcs Co., Ltd.</p> <p>Representative Director and President of Hokkaido CGC Co., Ltd.</p> <p>Director and Vice Chairman of CGC JAPAN Co., Ltd.</p> <p>Director and Honorary Chairman of NISSENREN S-CORT Co., Ltd.</p> <p>Chairman of National Supermarket Association of Japan</p> <p>Vice Chairman of Japan Supermarkets Association</p>	3,037,754
<p>Reasons for nomination as candidate for Director</p> <p>Kiyoshi Yokoyama has been responsible for management as Representative Director of the Company (then Daimaru Supermarkets Co., Ltd.) since 1970, demonstrating his skill in business development. He possesses abundant experience and achievements related to supermarkets and their peripheral businesses. He has assumed office as Chairman of the National Supermarket Association of Japan and Vice Chairman of the Japan Supermarkets Association, both nationwide supermarket industry organizations, in recognition of his contribution to business development throughout the Company group (the "Group"), utilizing his abundant management experience, as well as his management skill. He is deeply familiar with industry matters across Japan. The Company has again nominated him as a candidate for Director, judging that he is suitable to appropriately supervise Group management and promote its medium- to long-term growth strategy as Director of the Company because of these achievements.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
2	Koichi Furukawa (May 7, 1956) Reelection Attendance at Board of Directors meetings 24/26	Apr. 1980 Joined The Hokkaido Bank, Ltd. Oct. 1998 Joined the Company Nov. 2002 Executive Officer May 2006 Director of Ralse Co., Ltd. (current position) May 2013 Director and Managing Executive Officer of the Company May 2019 Director and Senior Managing Executive Officer May 2021 Director and Executive Vice President (current position) [Significant concurrent positions outside the Company] Director of Ralse Co., Ltd. Director of Donan Ralse Co., Ltd. Director of Eldy Co., Ltd.	9,935
<p>Reasons for nomination as candidate for Director</p> <p>In addition to his operational experience at The Hokkaido Bank, Ltd., Koichi Furukawa served as General Manager of Corporate Planning Office of the Company (then Ralse Co., Ltd.) from 1998, Executive Officer of the Company from 2002, Director and Managing Executive Officer from 2013, Director and Senior Managing Executive Officer from 2019, and Director and Executive Vice President from 2021. Moreover, as Director of Ralse Co., Ltd., the Company's core subsidiary, since 2006, he has utilized his extensive management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>			
3	Koichi Miura (December 3, 1939) Reelection Attendance at Board of Directors meetings 25/26	Oct. 1967 Representative Director and President of Universe Co., Ltd. Oct. 2011 Representative Director and Chairman of the Company May 2020 Representative Director and CEO of Universe Co., Ltd. May 2021 Director and Chairman (current position) Director and Chairman of the Company (current position) [Significant concurrent positions outside the Company] Director and Chairman of Universe Co., Ltd. Director of Miman Co., Ltd.	880,145
<p>Reasons for nomination as candidate for Director</p> <p>Since establishing Universe Co., Ltd. in 1967, Koichi Miura has been responsible for management as its Representative Director for many years, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. From 2011, he served as Representative Director and Chairman of the Company and from 2021, he has served as Director and Chairman, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to appropriately supervise Group management and promote its medium- to long-term growth strategy as Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
4	<p>Kazuhisa Nekomiya (August 11, 1960)</p> <p>Reelection</p> <p>Attendance at Board of Directors meetings 26/26</p>	<p>Mar. 1983 Joined the Company</p> <p>Mar. 1997 General Manager of Foods, SV Group (responsible for Big House)</p> <p>May 2005 Executive Officer and General Manager of No. 2 Operations Department of Ralse Co., Ltd.</p> <p>May 2006 Director and General Manager of No. 2 Operations Department</p> <p>Sept. 2007 Director, Deputy General Manager of Sales Division and General Manager responsible for Retail Management Department</p> <p>May 2010 Managing Director</p> <p>May 2016 Representative Director, President and COO (current position)</p> <p>Director and Executive Officer of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director, President and COO of Ralse Co., Ltd.</p>	14,714
<p>Reasons for nomination as candidate for Director</p> <p>Kazuhisa Nekomiya has been responsible for the management of Ralse Co., Ltd. as its Director since 2006 and as its Representative Director and President since 2016, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. Since 2016, he has served as Director and Executive Officer of the Company, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
5	Takehiko Miura (August 28, 1971) Reelection Attendance at Board of Directors meetings 26/26	<p>June 2005 Joined Universe Co., Ltd.</p> <p>July 2011 Director and General Manager of Sales Planning Department</p> <p>May 2018 Director and General Manager of Store Support Department, Store Operations Division</p> <p>Oct. 2018 Director, General Manager of Administration Division and General Manager of Store Support Department, Store Operations Division</p> <p>Mar. 2019 Director, General Manager of Merchandise Division and General Manager of Administration Division</p> <p>May 2020 Representative Director, COO and General Manager of Administration Division</p> <p>Director and Executive Officer of the Company (current position)</p> <p>May 2021 Representative Director and President of Universe Co., Ltd. (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director and President of Universe Co., Ltd.</p> <p>Representative Director and President of Universe Kosan Co., Ltd.</p>	506,702
		<p>Reasons for nomination as candidate for Director</p> <p>Takehiko Miura has been responsible for the management of Universe Co., Ltd. as its Director since 2011 and as its Representative Director since 2020, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. Since 2020, he has served as Director and Executive Officer of the Company, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>	
6	Ikuharu Fukuhara (September 30, 1967) Reelection Attendance at Board of Directors meetings 26/26	<p>Sept. 1995 Joined Fukuhara Co., Ltd.</p> <p>May 2006 Director</p> <p>May 2009 Managing Director and General Manager of Merchandise Department</p> <p>Sept. 2009 Managing Director in charge of Store Operations Department</p> <p>May 2013 Representative Director and President (current position)</p> <p>Director and Executive Officer of the Company (current position)</p> <p>[Significant concurrent positions outside the Company]</p> <p>Representative Director and President of Fukuhara Co., Ltd.</p>	740,415
		<p>Reasons for nomination as candidate for Director</p> <p>Ikuharu Fukuhara has been responsible for the management of Fukuhara Co., Ltd. as its Director since 2006 and as its Representative Director and President since 2013, demonstrating his skill in business development. He possesses abundant experience and achievements related to the supermarket business. Since 2013, he has served as Director and Executive Officer of the Company, utilizing his abundant management experience to contribute to business development throughout the Group. Therefore, the Company has again nominated him as a candidate for Director, judging that he is suitable to promote Group management and strengthen corporate governance as Director of the Company.</p>	

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
7	Hiroshi Saeki (July 1, 1941) Reelection Outside Independent Attendance at Board of Directors meetings 26/26	Apr. 1984 Professor of School of Engineering of Hokkaido University	-
		Apr. 2001 Dean of Graduate School of Engineering and Dean of School of Engineering	
		May 2003 Vice President	
		May 2007 President	
		Apr. 2013 Professor Emeritus (current position)	
		May 2014 Outside Director of the Company (current position)	
		[Significant concurrent positions outside the Company] Professor Emeritus of Hokkaido University	
Reasons for nomination as candidate for outside Director, and summary of expected roles Hiroshi Saeki has never been involved in corporate management, however, he possesses extensive insight as an educator and researcher, and abundant organizational management experience in positions such as the Vice President and President of a university. The Company has nominated him as a candidate for outside Director, judging that he can be expected to utilize this experience and insight to supervise the Group's overall management and provide effective suggestions, and is therefore able to appropriately perform the duties of an outside Director of the Company.			
8	Ryoko Sasaki (July 6, 1946) Reelection Outside Independent Attendance at Board of Directors meetings 26/26	June 1992 Managing Director of Survey and Development Center Co., Ltd.	-
		July 1995 Representative Director of R's Seminar LLC	
		July 2002 Deputy Governor of Hokkaido Government	
		July 2007 Chairperson of Hokkaido Prefectural Public Safety Commission	
		June 2013 Outside Director of Hokkaido Electric Power Co., Inc.	
		May 2015 Outside Director of the Company (current position)	
		Apr. 2018 Fellow at Nitobe College of Hokkaido University (current position)	
		[Significant concurrent positions outside the Company] Fellow at Nitobe College of Hokkaido University	
Reasons for nomination as candidate for outside Director, and summary of expected roles Ryoko Sasaki possesses experience in official administrative roles in addition to corporate management. The Company has nominated her as a candidate for outside Director, judging that she can be expected to utilize the experience and insight gained from these extensive activities to supervise the Group's overall management and provide effective suggestions, and is therefore able to appropriately perform the duties of an outside Director of the Company.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibilities in the Company [Significant concurrent positions outside the Company]	Number of the Company's shares owned
9	Toyoko Togashi (June 11, 1955)	Apr. 1985 Director of B4 Corporation Aug. 1996 Representative Director and President of Hokkaido Human Resources Bank, Limited Aug. 2012 Representative Director and Chairman of Hokkaido Human Resources Bank, Co., Ltd. (current position)	—
	New election Outside Independent Attendance at Board of Directors meetings —	[Significant concurrent positions outside the Company] Representative Director and Chairman of Hokkaido Human Resources Bank, Co., Ltd.	
Reasons for nomination as candidate for outside Director, and summary of expected roles Toyoko Togashi possesses abundant experience and achievements related to headhunting as a manager of a human resources company. The Company has nominated her as a candidate for outside Director, judging that she can be expected to utilize her experience and insight gained through broad activities to supervise the Group's overall management and provide effective suggestions, and is therefore able to appropriately perform the duties of an outside Director of the Company.			

- Notes:
1. There is no special interest between any of the candidates and the Company.
 2. Hiroshi Saeki, Ryoko Sasaki and Toyoko Togashi are candidates for outside Director, and the Company has notified the securities exchanges in Japan where the Company is listed of their designation as independent officers, as prescribed by each exchange.
 3. (1) Hiroshi Saeki will have served as outside Director of the Company for eight years as of the conclusion of this General Meeting of Shareholders.
(2) Ryoko Sasaki will have served as outside Director of the Company for seven years as of the conclusion of this General Meeting of Shareholders.
 4. The Company has concluded liability limitation agreements in accordance with the provisions of Article 427, paragraph (1) of the Companies Act with Hiroshi Saeki and Ryoko Sasaki to enable them to fulfill the roles expected of an outside Director. Under these agreements, their liability for damages under Article 423, paragraph (1) of the aforementioned Act is limited to the minimum amount provided for in laws and regulations. If this proposal is approved, the Company intends to continue these liability limitation agreements with them under the same terms, and also conclude the agreement with Toyoko Togashi under the same terms.

[Reference] Skill Matrix

Name	Managerial & operational experience			Management skills & knowledge					
	(i) Corporate management	(ii) Industry insight	(iii) Group Philosophy & implemen- tation of management policy	(iv) Finance & accounting	(v) Compliance & risk management	(vi) DX, IT & security	(vii) Sales & marketing	(viii) Governance	(ix) Sustain- ability & ESG
Director	Kiyoshi Yokoyama	○	○	○		○		○	○
	Koichi Furukawa		○	○	○	○	○		○
	Koichi Miura	○	○	○		○		○	○
	Kazuhisa Nekomiya	○	○	○				○	
	Takehiko Miura	○	○	○				○	
	Ikuharu Fukuhara	○	○	○				○	
	Hiroshi Saeki					○			○
	Ryoko Sasaki	○				○			○
	Toyoko Togashi	○				○			○
Executive Officer	Hideki Kogarimai	○	○	○				○	
	Tsukasa Sawada	○	○	○				○	
	Koichi Inoue			○			○		
	Naoto Matsuo		○	○				○	

* The above list does not represent all the knowledge and experience of Directors and Executive Officers.

Proposal No. 4: Payment of Bonuses to Officers

The Company proposes to pay an officers' bonus totaling ¥15,795,000 to eight Directors (including two outside Directors) and four Audit & Supervisory Board Members in office as of the end of the fiscal year under review (The aforementioned amount includes ¥12,195,000 for Directors who are not outside Directors, ¥1,100,000 for outside Directors, and ¥2,500,000 for Audit & Supervisory Board Members.) on consideration of the results for the fiscal year under review, etc.

The proposed portion is based on a consideration of factors such as the degree of achievement of management indicators, including net sales and ordinary profit of the Company and its business subsidiaries, and the performance assessment according to each officer's rank and duties. All amounts have been reasonably determined by a meeting of the Board of Directors attended by all Directors, including independent outside Directors, and all Audit & Supervisory Board Members, including independent outside Audit & Supervisory Board Members, and are therefore deemed appropriate.

The Company proposes that decisions on the specific amount paid to each Director, the timing and method of payment, etc., will be delegated to the Board of Directors, and that decisions on the specific amount paid to each Audit & Supervisory Board Member, the timing and method of payment, etc., will be delegated to discussion among the Audit & Supervisory Board Members.

Proposal No. 5: Payment of Retirement Benefits to Retiring Directors

In order to reward Akira Muguruma and Koichi Inoue, who will retire as Director due to expiration of their terms at the conclusion of this General Meeting of Shareholders, for their services during their terms, we would like to pay them a reasonable amount of retirement benefits in accordance with the Company's internal rules.

This proposal has been determined by the Board of Directors in accordance with the Company's policy for determining the content of remuneration, etc. for individual Directors determined in advance by the Board of Directors and with the internal rules of the Company, and the Company deems the proposal to be appropriate.

The Company proposes that the specific amount of the gift and its timing and method of presentation, etc. will be delegated to the Board of Directors.

The career summary of the retiring Directors is as follows.

Name	Career summary	
Akira Muguruma	Oct. 2004	Director and Executive Officer of the Company (current position)
Koichi Inoue	May 2014	Director and Executive Officer of the Company (current position)